

105TH CONGRESS
2D SESSION

H. R. 3144

To amend the Internal Revenue Code of 1986 to provide additional tax relief to families to increase the affordability of child care, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1998

Mrs. JOHNSON of Connecticut introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Education and the Workforce, Government Reform and Oversight, House Oversight, and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to provide additional tax relief to families to increase the affordability of child care, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Caring for Children Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—TAX RELIEF TO INCREASE CHILD CARE
AFFORDABILITY

Sec. 101. Expansion of dependent care tax credit.

Sec. 102. Promotion of dependent care assistance programs.

Sec. 103. Allowance of credit for employer expenses for child care assistance.

TITLE II—ENCOURAGING QUALITY CHILD CARE

Subtitle A—Dissemination of Information About Quality Child Care

Sec. 201. Collection and dissemination of information.

Sec. 202. Grants for the development of a child care training infrastructure.

Sec. 203. Authorization of appropriations.

Subtitle B—Increased Enforcement of State Health and Safety Standards

Sec. 211. Enforcement of State health and safety standards.

Subtitle C—Removal of Barriers to Increasing the Supply of Quality Child
Care

Sec. 221. Increased authorization of appropriations for the Child Care and Development Block Grant Act.

Sec. 222. Small business child care grant program.

Sec. 223. GAO report regarding the relationship between legal liability concerns and the availability and affordability of child care.

Subtitle D—Quality Child Care Through Federal Facilities and Programs

Sec. 231. Providing quality child care in Federal facilities.

1 **TITLE I—TAX RELIEF TO IN-**
2 **CREASE CHILD CARE AF-**
3 **FORDABILITY**

4 **SEC. 101. EXPANSION OF DEPENDENT CARE TAX CREDIT.**

5 (a) PERCENTAGE OF EMPLOYMENT-RELATED EX-
6 PENSES DETERMINED BY TAXPAYER STATUS.—Section
7 21(a)(2) of the Internal Revenue Code of 1986 (defining
8 applicable percentage) is amended to read as follows:

9 “(2) APPLICABLE PERCENTAGE DEFINED.—For
10 purposes of paragraph (1), the term ‘applicable per-
11 centage’ means 50 percent reduced (but not below

1 zero) by 1 percentage point for each \$1,500, or frac-
2 tion thereof, by which the taxpayers's adjusted gross
3 income for the taxable year exceeds \$30,000.”.

4 (b) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME
5 PARENTS.—Section 21(e) of the Internal Revenue Code
6 of 1986 (relating to special rules) is amended by adding
7 at the end the following:

8 “(11) MINIMUM CREDIT ALLOWED FOR STAY-
9 AT-HOME PARENTS.—Notwithstanding subsection
10 (d), in the case of any taxpayer with one or more
11 qualifying individuals described in subsection
12 (b)(1)(A) under the age of 4 at any time during the
13 taxable year, such taxpayer shall be deemed to have
14 employment-related expenses with respect to such
15 qualifying individuals in an amount equal to the
16 greater of—

17 “(A) the amount of employment-related ex-
18 penses incurred for such qualifying individuals
19 for the taxable year (determined under this sec-
20 tion without regard to this paragraph), or

21 “(B) \$150 for each month in such taxable
22 year during which such qualifying individual is
23 under the age of 4.”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section apply to taxable years beginning after Decem-
 3 ber 31, 1998.

4 **SEC. 102. PROMOTION OF DEPENDENT CARE ASSISTANCE**
 5 **PROGRAMS.**

6 (a) PROMOTION OF DEPENDENT CARE ASSISTANCE
 7 PROGRAMS.—The Secretary of Labor shall establish a
 8 program to promote awareness of the use of dependent
 9 care assistance programs (as described in section 129(d)
 10 of the Internal Revenue Code of 1986) by employers.

11 (b) AUTHORIZATION OF APPROPRIATIONS.—There is
 12 authorized to be appropriated to carry out the program
 13 under paragraph (1) \$1,000,000 for each of fiscal years
 14 1999, 2000, 2001, and 2002.

15 **SEC. 103. ALLOWANCE OF CREDIT FOR EMPLOYER EX-**
 16 **PENSES FOR CHILD CARE ASSISTANCE.**

17 (a) IN GENERAL.—Subpart D of part IV of sub-
 18 chapter A of chapter 1 of the Internal Revenue Code of
 19 1986 (relating to business related credits) is amended by
 20 adding at the end the following:

21 **“SEC. 45D. EMPLOYER-PROVIDED CHILD CARE CREDIT.**

22 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
 23 tion 38, the employer-provided child care credit deter-
 24 mined under this section for the taxable year is an amount

1 equal to 20 percent of the qualified child care expenditures
2 of the taxpayer for such taxable year.

3 “(b) DOLLAR LIMITATION.—The credit allowable
4 under subsection (a) for any taxable year shall not exceed
5 \$100,000.

6 “(c) DEFINITIONS.—For purposes of this section—

7 “(1) QUALIFIED CHILD CARE EXPENDITURE.—

8 “(A) IN GENERAL.—The term ‘qualified
9 child care expenditure’ means any amount paid
10 or incurred—

11 “(i) to acquire, construct, rehabilitate,
12 or expand property—

13 “(I) which is to be used as part
14 of a qualified child care facility of the
15 taxpayer,

16 “(II) with respect to which a de-
17 duction for depreciation (or amortiza-
18 tion in lieu of depreciation) is allow-
19 able, and

20 “(III) which does not constitute
21 part of the principal residence (within
22 the meaning of section 1034) of the
23 taxpayer or any employee of the tax-
24 payer,

1 “(ii) for the operating costs of a quali-
 2 fied child care facility of the taxpayer, in-
 3 cluding costs related to the training of em-
 4 ployees,

5 “(iii) under a contract with a qualified
 6 child care facility to provide child care
 7 services to employees of the taxpayer, or

8 “(iv) under a contract to provide child
 9 care resource and referral services to em-
 10 ployees of the taxpayer.

11 “(2) EXCLUSION FOR AMOUNTS FUNDED BY
 12 GRANTS, ETC.—The term ‘qualified child care ex-
 13 penditure’ shall not include any amount to the ex-
 14 tent such amount is funded by any grant, contract,
 15 or otherwise by another person (or any governmental
 16 entity).

17 “(3) QUALIFIED CHILD CARE FACILITY.—

18 “(A) IN GENERAL.—The term ‘qualified
 19 child care facility’ means a facility—

20 “(i) the principal use of which is to
 21 provide child care assistance, and

22 “(ii) which meets the requirements of
 23 all applicable laws and regulations of the
 24 State or local government in which it is lo-
 25 cated, including, but not limited to, the li-

1 censing of the facility as a child care facil-
2 ity.

3 Clause (i) shall not apply to a facility which is
4 the principal residence (within the meaning of
5 section 1034) of the operator of the facility.

6 “(B) SPECIAL RULES WITH RESPECT TO A
7 TAXPAYER.—A facility shall not be treated as a
8 qualified child care facility with respect to a
9 taxpayer unless—

10 “(i) enrollment in the facility is open
11 to employees of the taxpayer during the
12 taxable year,

13 “(ii) the facility is not the principal
14 trade or business of the taxpayer unless at
15 least 30 percent of the enrollees of such fa-
16 cility are dependents of employees of the
17 taxpayer, and

18 “(iii) the use of such facility (or the
19 eligibility to use such facility) does not dis-
20 criminate in favor of employees of the tax-
21 payer who are highly compensated employ-
22 ees (within the meaning of section 414(q)).

23 “(d) RECAPTURE OF ACQUISITION AND CONSTRUC-
24 TION CREDIT.—

1 “(1) IN GENERAL.—If, as of the close of any
 2 taxable year, there is a recapture event with respect
 3 to any qualified child care facility of the taxpayer,
 4 then the tax of the taxpayer under this chapter for
 5 such taxable year shall be increased by an amount
 6 equal to the product of—

7 “(A) the applicable recapture percentage,
 8 and

9 “(B) the aggregate decrease in the credits
 10 allowed under section 38 for all prior taxable
 11 years which would have resulted if the qualified
 12 child care expenditures of the taxpayer de-
 13 scribed in subsection (c)(1)(A) with respect to
 14 such facility had been zero.

15 “(2) APPLICABLE RECAPTURE PERCENTAGE.—

16 “(A) IN GENERAL.—For purposes of this
 17 subsection, the applicable recapture percentage
 18 shall be determined from the following table:

“If the recapture event occurs in:	The applicable recapture percentage is:
Years 1–3	100
Year 4	85
Year 5	70
Year 6	55
Year 7	40
Year 8	25
Years 9 and 10	10
Years 11 and thereafter	0.

19 “(B) YEARS.—For purposes of subpara-
 20 graph (A), year 1 shall begin on the first day

1 of the taxable year in which the qualified child
2 care facility is placed in service by the taxpayer.

3 “(3) RECAPTURE EVENT DEFINED.—For pur-
4 poses of this subsection, the term ‘recapture event’
5 means—

6 “(A) CESSATION OF OPERATION.—The
7 cessation of the operation of the facility as a
8 qualified child care facility.

9 “(B) CHANGE IN OWNERSHIP.—

10 “(i) IN GENERAL.—Except as pro-
11 vided in clause (ii), the disposition of a
12 taxpayer’s interest in a qualified child care
13 facility with respect to which the credit de-
14 scribed in subsection (a) was allowable.

15 “(ii) AGREEMENT TO ASSUME RECAP-
16 TURE LIABILITY.—Clause (i) shall not
17 apply if the person acquiring such interest
18 in the facility agrees in writing to assume
19 the recapture liability of the person dispos-
20 ing of such interest in effect immediately
21 before such disposition. In the event of
22 such an assumption, the person acquiring
23 the interest in the facility shall be treated
24 as the taxpayer for purposes of assessing

1 any recapture liability (computed as if
2 there had been no change in ownership).

3 “(4) SPECIAL RULES.—

4 “(A) TAX BENEFIT RULE.—The tax for
5 the taxable year shall be increased under para-
6 graph (1) only with respect to credits allowed
7 by reason of this section which were used to re-
8 duce tax liability. In the case of credits not so
9 used to reduce tax liability, the carryforwards
10 and carrybacks under section 39 shall be appro-
11 priately adjusted.

12 “(B) NO CREDITS AGAINST TAX.—Any in-
13 crease in tax under this subsection shall not be
14 treated as a tax imposed by this chapter for
15 purposes of determining the amount of any
16 credit under subpart A, B, or D of this part.

17 “(C) NO RECAPTURE BY REASON OF CAS-
18 UALTY LOSS.—The increase in tax under this
19 subsection shall not apply to a cessation of op-
20 eration of the facility as a qualified child care
21 facility by reason of a casualty loss to the ex-
22 tent such loss is restored by reconstruction or
23 replacement within a reasonable period estab-
24 lished by the Secretary.

1 “(e) SPECIAL RULES.—For purposes of this sec-
2 tion—

3 “(1) AGGREGATION RULES.—All persons which
4 are treated as a single employer under subsections
5 (a) and (b) of section 52 shall be treated as a single
6 taxpayer.

7 “(2) PASS-THRU IN THE CASE OF ESTATES AND
8 TRUSTS.—Under regulations prescribed by the Sec-
9 retary, rules similar to the rules of subsection (d) of
10 section 52 shall apply.

11 “(3) ALLOCATION IN THE CASE OF PARTNER-
12 SHIPS.—In the case of partnerships, the credit shall
13 be allocated among partners under regulations pre-
14 scribed by the Secretary.

15 “(f) NO DOUBLE BENEFIT.—

16 “(1) REDUCTION IN BASIS.—For purposes of
17 this subtitle—

18 “(A) IN GENERAL.—If a credit is deter-
19 mined under this section with respect to any
20 property by reason of expenditures described in
21 subsection (c)(1)(A), the basis of such property
22 shall be reduced by the amount of the credit so
23 determined.

24 “(B) CERTAIN DISPOSITIONS.—If during
25 any taxable year there is a recapture amount

1 determined with respect to any property the
2 basis of which was reduced under subparagraph
3 (A), the basis of such property (immediately be-
4 fore the event resulting in such recapture) shall
5 be increased by an amount equal to such recap-
6 ture amount. For purposes of the preceding
7 sentence, the term ‘recapture amount’ means
8 any increase in tax (or adjustment in
9 carrybacks or carryovers) determined under
10 subsection (d).

11 “(2) OTHER DEDUCTIONS AND CREDITS.—No
12 deduction or credit shall be allowed under any other
13 provision of this chapter with respect to the amount
14 of the credit determined under this section.

15 “(g) TERMINATION.—This section shall not apply to
16 taxable years beginning after December 31, 2003.”.

17 (b) CONFORMING AMENDMENTS.—

18 (1) Section 38(b) of the Internal Revenue Code
19 of 1986 is amended—

20 (A) by striking out “plus” at the end of
21 paragraph (11),

22 (B) by striking out the period at the end
23 of paragraph (12), and inserting a comma and
24 “plus”, and

1 (C) by adding at the end the following new
2 paragraph:

3 “(13) the employer-provided child care credit
4 determined under section 45D.”.

5 (2) The table of sections for subpart D of part
6 IV of subchapter A of chapter 1 of such Code is
7 amended by adding at the end the following new
8 item:

“Sec. 45D. Employer-provided child care credit.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 1998.

12 **TITLE II—ENCOURAGING**
13 **QUALITY CHILD CARE**
14 **Subtitle A—Dissemination of Infor-**
15 **mation About Quality Child**
16 **Care**

17 **SEC. 201. COLLECTION AND DISSEMINATION OF INFORMA-**
18 **TION.**

19 (a) COLLECTION AND DISSEMINATION OF INFORMA-
20 TION.—The Secretary of Health and Human Services
21 shall, directly or through a contract awarded on a competi-
22 tive basis to a qualified entity, collect and disseminate—

23 (1) information concerning health and safety in
24 various child care settings that would assist—

1 (A) the provision of safe and healthful en-
2 vironments by child care providers; and

3 (B) the evaluation of child care providers
4 by parents; and

5 (2) relevant findings in the field of early child-
6 hood learning and development.

7 (b) INFORMATION AND FINDINGS TO BE GEN-
8 ERALLY AVAILABLE.—

9 (1) SECRETARIAL RESPONSIBILITY.—The Sec-
10 retary of Health and Human Services shall make the
11 information and findings described in subsection (a)
12 generally available to States, units of local govern-
13 ments, private nonprofit child care organizations (in-
14 cluding resource and referral agencies), employers,
15 child care providers, and parents.

16 (2) DEFINITION OF GENERALLY AVAILABLE.—
17 For purposes of paragraph (1), the term “generally
18 available” means that the information and findings
19 shall be distributed through resources that are used
20 by, and available to, the public, including such re-
21 sources as brochures, Internet web sites, toll-free
22 telephone information lines, and public and private
23 resource and referral organizations.

1 **SEC. 202. GRANTS FOR THE DEVELOPMENT OF A CHILD**
2 **CARE TRAINING INFRASTRUCTURE.**

3 (a) **AUTHORITY TO AWARD GRANTS.**—The Secretary
4 of Health and Human Services shall award grants to eligi-
5 ble entities to develop distance learning child care training
6 technology infrastructures and to develop model tech-
7 nology-based training courses for child care providers and
8 child care workers. The Secretary shall, to the maximum
9 extent possible, ensure that grants for the development of
10 distance learning child care training technology infrastruc-
11 tures are awarded in those regions of the United States
12 with the fewest training opportunities for child care pro-
13 viders.

14 (b) **ELIGIBILITY REQUIREMENTS.**—To be eligible to
15 receive a grant under subsection (a), an entity shall—

16 (1) develop the technological and logistical as-
17 pects of the infrastructure described in this section
18 and have the capability of implementing and main-
19 taining the infrastructure;

20 (2) to the maximum extent possible, develop
21 partnerships with secondary schools, institutions of
22 higher education, State and local government agen-
23 cies, and private child care organizations for the
24 purpose of sharing equipment, technical assistance,
25 and other technological resources, including—

1 (A) sites from which individuals may ac-
2 cess the training;

3 (B) conversion of standard child care
4 training courses to programs for distance learn-
5 ing; and

6 (C) ongoing networking among program
7 participants; and

8 (3) develop a mechanism for participants to—

9 (A) evaluate the effectiveness of the infra-
10 structure, including the availability and afford-
11 ability of the infrastructure, and the training
12 offered the infrastructure; and

13 (B) make recommendations for improve-
14 ments to the infrastructure.

15 (c) APPLICATION.—To be eligible to receive a grant
16 under subsection (a), an entity shall submit an application
17 to the Secretary at such time and in such manner as the
18 Secretary may require, and that includes—

19 (1) a description of the partnership organiza-
20 tions through which the distance learning programs
21 will be disseminated and made available;

22 (2) the capacity of the infrastructure in terms
23 of the number and type of distance learning pro-
24 grams that will be made available;

1 (3) the expected number of individuals to par-
2 ticipate in the distance learning programs; and

3 (4) such additional information as the Secretary
4 may require.

5 (d) LIMITATION ON FEES.—No entity receiving a
6 grant under this section may collect fees from an individ-
7 ual for participation in a distance learning child care
8 training program funded in whole or in part by this sec-
9 tion that exceed the pro rata share of the amount ex-
10 pended by the entity to provide materials for the training
11 program and to develop, implement, and maintain the in-
12 frastructure (minus the amount of the grant awarded by
13 this section).

14 (e) RULE OF CONSTRUCTION.—Nothing in this sec-
15 tion shall be construed as requiring a child care provider
16 to subscribe to or complete a distance learning child care
17 training program made available by this section.

18 **SEC. 203. AUTHORIZATION OF APPROPRIATIONS.**

19 There is authorized to be appropriated to carry out
20 this subtitle \$50,000,000 for each of fiscal years 1999
21 through 2003.

1 **Subtitle B—Increased Enforcement**
 2 **of State Health and Safety**
 3 **Standards**

4 **SEC. 211. ENFORCEMENT OF STATE HEALTH AND SAFETY**
 5 **STANDARDS.**

6 (a) IDENTIFICATION OF STATE INSPECTION RATE.—

7 (1) IN GENERAL.—Section 658E(c)(2)(G) of
 8 the Child Care and Development Block Grant Act of
 9 1990 (42 U.S.C. 9858c(2)(G)) is amended by strik-
 10 ing the period and inserting “, and provide the per-
 11 centage of completed child care provider inspections
 12 that were required under State law for each of the
 13 2 preceding fiscal years.”.

14 (2) EFFECTIVE DATE.—The amendment made
 15 by paragraph (1) applies to State plans under the
 16 Child Care and Development Block Grant Act of
 17 1990 (42 U.S.C. 9858 et seq.) on and after Septem-
 18 ber 1, 1998.

19 (b) INCREASED OR DECREASED ALLOTMENTS.—Sec-
 20 tion 658O(b) of the Child Care and Development Block
 21 Grant Act of 1990 (42 U.S.C. 9858m(b)) is amended—

22 (1) in paragraph (1), in the matter preceding
 23 subparagraph (A), by inserting “, subject to para-
 24 graph (5),” after “shall”; and

25 (2) by adding at the end the following:

1 “(5) INCREASED OR DECREASED ALLOTMENT
2 BASED ON STATE INSPECTION RATE.—

3 “(A) INCREASED ALLOTMENT FOR FISCAL
4 YEARS 1999, 2000, AND 2001.—

5 “(i) IN GENERAL.—Subject to clause
6 (iii), for fiscal years 1999, 2000, and
7 2001, the allotment determined for a State
8 under paragraph (1) for each such fiscal
9 year shall be increased by an amount equal
10 to 10 percent of such allotment for the fis-
11 cal year involved with respect to any
12 State—

13 “(I) that certifies to the Sec-
14 retary that the State has not reduced
15 the scope of any State child care
16 health or safety standards or require-
17 ments that were in effect in calendar
18 year 1996; and

19 “(II) that, with respect to the
20 preceding fiscal year, had a percent-
21 age of completed child care provider
22 inspections (as required to be reported
23 under section 658E(c)(2)(G)), that
24 equaled or exceeded the target inspec-
25 tion and enforcement percentage spec-

ified under clause (ii) for the fiscal year for which the allotment is to be paid.

“(ii) TARGET INSPECTION AND ENFORCEMENT PERCENTAGE.—For purposes of clause (i)(II), the target inspection and enforcement percentage is—

“(I) for fiscal year 1999, 75 percent;

“(II) for fiscal year 2000, 80 percent; and

“(III) for fiscal year 2001, 100 percent.

“(iii) PRO RATA REDUCTIONS IF INSUFFICIENT APPROPRIATIONS.—The Secretary shall make pro rata reductions in the percentage increase otherwise required under clause (i) for a State allotment for a fiscal year as necessary so that the aggregate of all the allotments made under this section do not exceed the amount appropriated for that fiscal year under section 658B.

“(B) DECREASED ALLOTMENT FOR FISCAL YEARS 2000 AND 2001.—

1 “(i) IN GENERAL.—The allotment de-
2 termined for a State under paragraph (1)
3 for each of fiscal years 2000 and 2001
4 shall be decreased by an amount equal to
5 10 percent of such allotment for the fiscal
6 year involved with respect to any State
7 that, with respect to the preceding fiscal
8 year, had a percentage of completed child
9 care provider inspections (as required to be
10 reported under section 658E(c)(2)(G))
11 that was below the minimum inspection
12 and enforcement percentage specified
13 under clause (ii) for the fiscal year for
14 which the allotment is to be paid.

15 “(ii) MINIMUM INSPECTION AND EN-
16 FORCEMENT PERCENTAGE.—For purposes
17 of clause (i), the minimum inspection and
18 enforcement percentage is—

19 “(I) for fiscal year 2000, 50 per-
20 cent; and

21 “(II) for fiscal year 2001, 75
22 percent.

23 “(iii) REQUIREMENT TO EXPEND
24 STATE FUNDS TO REPLACE REDUCTION.—
25 If the allotment determined for a State for

a fiscal year is reduced by reason of clause
 (i), the State shall, during the immediately
 succeeding fiscal year, expend additional
 State funds under the State plan funded
 under this subchapter by an amount equal
 to the amount of such reduction.”.

Subtitle C—Removal of Barriers to Increasing the Supply of Quality Child Care

SEC. 221. INCREASED AUTHORIZATION OF APPROPRIATIONS FOR THE CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT.

Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended to read as follows:

“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

“There is authorized to be appropriated to carry out this subchapter—

“(1) for each of fiscal years 1996 through 1998, \$1,000,000,000;

“(2) for fiscal year 1999, \$1,500,000,000;

“(3) for fiscal year 2000, \$1,750,000,000;

“(4) for fiscal year 2001, \$2,000,000,000;

“(5) for fiscal year 2002, \$2,250,000,000; and

“(6) for fiscal year 2003, \$2,500,000,000.”.

1 **SEC. 222. SMALL BUSINESS CHILD CARE GRANT PROGRAM.**

2 (a) ESTABLISHMENT.—The Secretary of Health and
3 Human Services (in this section referred to as the “Sec-
4 retary”) shall establish a program to award grants to
5 States to assist States in providing funds to encourage the
6 establishment and operation of employer operated child
7 care programs.

8 (b) APPLICATION.—To be eligible to receive a grant
9 under this section, a State shall prepare and submit to
10 the Secretary an application at such time, in such manner,
11 and containing such information as the Secretary may re-
12 quire, including an assurance that the funds required
13 under subsection (e) will be provided.

14 (c) AMOUNT OF GRANT.—The Secretary shall deter-
15 mine the amount of a grant to a State under this section
16 based on the population of the State as compared to the
17 population of all States.

18 (d) USE OF FUNDS.—

19 (1) IN GENERAL.—A State shall use amounts
20 provided under a grant awarded under this section
21 to provide assistance to small businesses located in
22 the State to enable the small businesses to establish
23 and operate child care programs. Such assistance
24 may include—

25 (A) technical assistance in the establish-
26 ment of a child care program;

1 (B) assistance for the start up costs relat-
2 ed to a child care program;

3 (C) assistance for the training of child care
4 providers;

5 (D) scholarships for low-income wage earn-
6 ers;

7 (E) the provision of services to care for
8 sick children or to provide care to school aged
9 children;

10 (F) the entering into of contracts with
11 local resource and referral or local health de-
12 partments;

13 (G) care for children with disabilities; or

14 (H) assistance for any other activity deter-
15 mined appropriate by the State.

16 (2) APPLICATION.—To be eligible to receive as-
17 sistance from a State under this section, a small
18 business shall prepare and submit to the State an
19 application at such time, in such manner, and con-
20 taining such information as the State may require.

21 (3) PREFERENCE.—

22 (A) IN GENERAL.—In providing assistance
23 under this section, a State shall give priority to
24 applicants that desire to form a consortium to
25 provide child care in geographic areas within

1 the State where such care is not generally avail-
2 able or accessible.

3 (B) CONSORTIUM.—For purposes of sub-
4 paragraph (A), a consortium shall be made up
5 of 2 or more entities which may include busi-
6 nesses, nonprofit agencies or organizations,
7 local governments, or other appropriate entities.

8 (4) LIMITATION.—With respect to grant funds
9 received under this section, a State may not provide
10 in excess of \$100,000 in assistance from such funds
11 to any single applicant.

12 (e) MATCHING REQUIREMENT.—To be eligible to re-
13 ceive a grant under this section a State shall provide as-
14 surances to the Secretary that, with respect to the costs
15 to be incurred by an entity receiving assistance in carrying
16 out activities under this section, the entity will make avail-
17 able (directly or through donations from public or private
18 entities) non-Federal contributions to such costs in an
19 amount equal to—

20 (1) for the first fiscal year in which the entity
21 receives such assistance, not less than 50 percent of
22 such costs (\$1 for each \$1 of assistance provided to
23 the entity under the grant);

24 (2) for the second fiscal year in which an entity
25 receives such assistance, not less than $66\frac{2}{3}$ percent

1 of such costs (\$2 for each \$1 of assistance provided
2 to the entity under the grant); and

3 (3) for the third fiscal year in which an entity
4 receives such assistance, not less than 75 percent of
5 such costs (\$3 for each \$1 of assistance provided to
6 the entity under the grant).

7 (f) REQUIREMENTS OF PROVIDERS.—To be eligible
8 to receive assistance under a grant awarded under this
9 section a child care provider shall comply with all applica-
10 ble State and local licensing and regulatory requirements
11 and all applicable health and safety standards in effect
12 in the State.

13 (g) ADMINISTRATION.—

14 (1) STATE RESPONSIBILITY.—A State shall
15 have responsibility for administering the grant
16 awarded under this section and for monitoring enti-
17 ties that receive assistance under such grant.

18 (2) AUDITS.—A State shall require each entity
19 receiving assistance under a grant awarded under
20 this section to conduct an annual audit with respect
21 to the activities of the entity. Such audits shall be
22 submitted to the State.

23 (3) MISUSE OF FUNDS.—

24 (A) REPAYMENT.—If the State determines,
25 through an audit or otherwise, that an entity

1 receiving assistance under a grant awarded
2 under this section has misused the assistance,
3 the State shall notify the Secretary of the mis-
4 use. The Secretary, upon such a notification,
5 may seek from such an entity the repayment of
6 an amount equal to the amount of any misused
7 assistance plus interest.

8 (B) APPEALS PROCESS.—The Secretary
9 shall by regulation provide for an appeals proc-
10 ess with respect to repayments under this para-
11 graph.

12 (h) REPORTING REQUIREMENTS.—

13 (1) 2-YEAR STUDY.—

14 (A) IN GENERAL.—Not later than 2 years
15 after the date on which the Secretary first pro-
16 vides grants under this section, the Secretary
17 shall conduct a study to determine—

18 (i) the capacity of entities to meet the
19 child care needs of communities within a
20 State;

21 (ii) the kinds of partnerships that are
22 being formed with respect to child care at
23 the local level; and

1 (iii) who is using the programs funded
2 under this section and the income levels of
3 such individuals.

4 (B) REPORT.—Not later than 28 months
5 after the date of enactment of this Act, the Sec-
6 retary shall prepare and submit to the appro-
7 priate committees of Congress a report on the
8 results of the study conducted in accordance
9 with subparagraph (A).

10 (2) 4-YEAR STUDY.—

11 (A) IN GENERAL.—Not later than 4 years
12 after the date on which the Secretary first pro-
13 vides grants under this section, the Secretary
14 shall conduct a study to determine the number
15 of child care facilities funded through entities
16 that received assistance through a grant made
17 under this section that remain in operation and
18 the extent to which such facilities are meeting
19 the child care needs of the individuals served by
20 such facilities.

21 (B) REPORT.—Not later than 52 months
22 after the date of enactment of this Act, the Sec-
23 retary shall prepare and submit to the appro-
24 priate committees of Congress a report on the

1 results of the study conducted in accordance
2 with subparagraph (A).

3 (i) DEFINITION.—As used in this section, the term
4 “small business” means an employer who employed an av-
5 erage of at least 2 but not more than 50 employees on
6 business days during the preceding calendar year.

7 (j) AUTHORIZATION OF APPROPRIATIONS.—There is
8 authorized to be appropriated to carry out this section,
9 \$60,000,000 for the period of fiscal years 1999 through
10 2001. With respect to the total amount appropriated for
11 such period in accordance with this subsection, not more
12 than \$5,000,000 of that amount may be used for expendi-
13 tures related to conducting evaluations required under,
14 and the administration of, this section.

15 (k) TERMINATION OF PROGRAM.—The program es-
16 tablished under subsection (a) shall terminate on Septem-
17 ber 30, 2002.

18 **SEC. 223. GAO REPORT REGARDING THE RELATIONSHIP**
19 **BETWEEN LEGAL LIABILITY CONCERNS AND**
20 **THE AVAILABILITY AND AFFORDABILITY OF**
21 **CHILD CARE.**

22 Not later than 6 months after the date of enactment
23 of this Act, the Comptroller General of the United States
24 shall report to Congress regarding whether and, if so, the
25 extent to which, concerns regarding potential legal liability

1 exposure inhibit the availability and affordability of child
 2 care. The report shall include an assessment of whether
 3 such concerns prevent—

4 (1) employers from establishing on or near-site
 5 child care for their employees;

6 (2) schools or community centers from allowing
 7 their facilities to be used for on-site child care; and

8 (3) individuals from providing professional, li-
 9 censed child care services in their homes.

10 **Subtitle D—Quality Child Care** 11 **Through Federal Facilities and** 12 **Programs**

13 **SEC. 231. PROVIDING QUALITY CHILD CARE IN FEDERAL** 14 **FACILITIES.**

15 (a) DEFINITION.—In this section:

16 (1) ADMINISTRATOR.—The term “Adminis-
 17 trator” means the Administrator of General Serv-
 18 ices.

19 (2) EXECUTIVE AGENCY.—The term “Executive
 20 agency” has the meaning given the term in section
 21 105 of title 5, United States Code, but does not in-
 22 clude the Department of Defense.

23 (3) EXECUTIVE FACILITY.—The term “execu-
 24 tive facility” means a facility that is owned or leased
 25 by an Executive agency.

1 (4) FEDERAL AGENCY.—The term “Federal
2 agency” means an Executive agency, a judicial of-
3 fice, or a legislative office.

4 (5) JUDICIAL FACILITY.—The term “judicial fa-
5 cility” means a facility that is owned or leased by a
6 judicial office.

7 (6) JUDICIAL OFFICE.—The term “judicial of-
8 fice” means an entity of the judicial branch of the
9 Federal Government.

10 (7) LEGISLATIVE FACILITY.—The term “legisla-
11 tive facility” means a facility that is owned or leased
12 by a legislative office.

13 (8) LEGISLATIVE OFFICE.—The term “legisla-
14 tive office” means an entity of the legislative branch
15 of the Federal Government.

16 (b) EXECUTIVE BRANCH STANDARDS AND ENFORCE-
17 MENT.—

18 (1) STATE AND LOCAL LICENSING REQUIRE-
19 MENTS.—

20 (A) IN GENERAL.—The Administrator
21 shall issue regulations requiring any entity op-
22 erating a child care center in an executive facil-
23 ity to comply with applicable State and local li-
24 censing requirements related to the provision of
25 child care.

1 (B) COMPLIANCE.—The regulations shall
2 require that, not later than 6 months after the
3 date of enactment of this Act—

4 (i) the entity shall comply, or make
5 substantial progress (as determined by the
6 Administrator) toward complying, with the
7 requirements; and

8 (ii) any contract for the operation of
9 such a child care center shall include a
10 condition that the child care be provided in
11 accordance with the requirements.

12 (2) EVALUATION AND ENFORCEMENT.—The
13 Administrator shall evaluate the compliance of the
14 entities described in paragraph (1) with the regula-
15 tions issued under that paragraph. The Adminis-
16 trator may conduct the evaluation of such an entity
17 directly, or through an agreement with another Fed-
18 eral agency, other than the Federal agency for which
19 the entity is providing child care. If the Adminis-
20 trator determines, on the basis of such an evalua-
21 tion, that the entity is not in compliance with the
22 regulations, the Administrator shall notify the Exec-
23 utive agency.

24 (c) LEGISLATIVE BRANCH STANDARDS AND EN-
25 FORCEMENT.—

1 (1) STATE AND LOCAL LICENSING REQUIRE-
2 MENTS AND ACCREDITATION STANDARDS.—The Ar-
3 chitect of the Capitol shall issue regulations for enti-
4 ties operating child care centers in legislative facili-
5 ties, which shall be the same as the regulations
6 issued by the Administrator under subsection (b)(1),
7 except to the extent that the Architect may deter-
8 mine, for good cause shown and stated together with
9 the regulations, that a modification of such regula-
10 tions would be more effective for the implementation
11 of the requirements and standards described in such
12 paragraphs.

13 (2) EVALUATION AND ENFORCEMENT.—Sub-
14 section (b)(2) shall apply to the Architect of the
15 Capitol, entities operating child care centers in legis-
16 lative facilities, and legislative offices. For purposes
17 of that application, references in subsection (b)(2) to
18 regulations shall be considered to be references to
19 regulations issued under this subsection.

20 (d) JUDICIAL BRANCH STANDARDS AND ENFORCE-
21 MENT.—

22 (1) STATE AND LOCAL LICENSING REQUIRE-
23 MENTS AND ACCREDITATION STANDARDS.—The Di-
24 rector of the Administrative Office of the United
25 States Courts shall issue regulations for entities op-

1 erating child care centers in judicial facilities, which
2 shall be the same as the regulations issued by the
3 Administrator under subsection (b)(1), except to the
4 extent that the Director may determine, for good
5 cause shown and stated together with the regula-
6 tions, that a modification of such regulations would
7 be more effective for the implementation of the re-
8 quirements and standards described in such para-
9 graphs.

10 (2) EVALUATION AND ENFORCEMENT.—Sub-
11 section (b)(2) shall apply to the Director described
12 in paragraph (1), entities operating child care cen-
13 ters in judicial facilities, and judicial offices. For
14 purposes of that application, references in subsection
15 (b)(2) to regulations shall be considered to be ref-
16 erences to regulations issued under this subsection.

17 (e) APPLICATION.—Notwithstanding any other provi-
18 sion of this section, if 3 or more child care centers are
19 operated in facilities owned or leased by a Federal agency,
20 the head of the Federal agency may carry out the respon-
21 sibilities assigned to the Administrator under subsection
22 (b)(2), the Architect of the Capitol under subsection
23 (c)(2), or the Director described in subsection (d)(2)
24 under such subsection, as appropriate.

○